

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF determining
Whether there has been a violation of the
Securities Act of Washington by:

Bradley T. Carlson,
Respondent.

SDO - 99 - 34

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL
ORDER TO CEASE AND DESIST

Case No. 98-08-246

THE STATE OF WASHINGTON TO: BRADLEY T. CARLSON
2518 175th NE
REDMOND, WA 98052

On April 7, 1999, the Securities Administrator of the State of Washington issued a Statement of charges and Notice of Intention to Enter Order to Cease and Desist ("Statement of Charges") to Bradley T. Carlson ("Carlson").

The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing ("Notice of Opportunity for Hearing") and an Application for Adjudicative Hearing ("Application for Hearing") thereon, were served on Carlson on April 10, 1999, by Certified Mail. The Notice of Opportunity for Hearing advised Carlson that he had twenty days from the date he received the Notice of Opportunity for Hearing to file a written application for an administrative hearing on the Statement of Charges.

Carlson failed to request and administrative hearing within twenty days of his receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for hearing provided or otherwise.

The Securities Administrator therefore will adopt as final the findings of fact and conclusions of law as set forth in the Statement of Charges.

The Securities Administrator makes the following findings of fact and conclusions of law:

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PO Box 9033
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360-902-8760

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FINDINGS OF FACT

RESPONDENT

1. Carlson was a member and Treasurer of the MIG Fund ("MIG" a/k/a Monkey Investment Group), a private investment club, from the inception of MIG on April 9, 1996 until his resignation on July 28, 1998.

2. As Treasurer for MIG, Carlson received MIG's account statements from Towne Bank and Charles Schwab ("Schwab"). Carlson also had the responsibility of making monthly financial reports to MIG, co-signing MIG's checks and making the securities transactions, as instructed by MIG group vote.

NATURE OF CARLSON'S CONDUCT

3. Carlson misappropriated funds from MIG by forging the required co-signatures on checks. Thereafter, Carlson failed to make many of the authorized securities purchases for MIG since it had insufficient funds to cover the purchases. Carlson then covered up those actions by preparing false financial statements for presentation to the other MIG members.

4. Beginning on July 14, 1996 and continuing through July 3, 1998, Carlson used checks drawn on MIG's bank account with Towne Bank to make a series of seventeen withdrawals, totaling \$7,600 and deposited those funds to his own personal bank account at the Seattle Postal Employees Credit Union.

5. MIG had not authorized these payments to Carlson.

6. The required co-signature on each check was forged.

7. In order to conceal his misuse of MIG funds, Carlson submitted false reports to MIG. He falsely claimed to have purchased, for MIG's account, securities whose purchase had been authorized by MIG group vote.

8. On September 3, 1997 MIG authorized the purchase of 100 shares of United Security Bank ("USBN"). MIG already owned 100 shares of USBN. Carlson failed to execute the transaction and then falsely reported the purchase to MIG, on the financial report dated September 30, 1997, which showed MIG owning a total of 200 shares of USBN, with an additional 100 shares having been purchased at a cost of \$1,689.73.

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9. On September 30, 1997 MIG authorized the purchase of 100 shares of Unimar (“UMR”). Carlson failed to execute the transaction as instructed, but beginning with the November 5, 1997 financial statement and on each monthly financial report thereafter, Carlson falsely represented that MIG had purchased 100 shares of UMR at a cost of \$503.98.

10. On January 7, 1998 MIG authorized the purchase of 200 shares of Plasma Thermotech, Inc. Carlson failed to purchase all 200 shares. In the financial report dated February 4, 1998 Carlson falsely represented that MIG had purchased 200 shares at a cost of \$1,268.50.

11. On or about February 10, 1998 a stock dividend of 10 shares of USBN was paid to shareholders for each 100 shares owned. MIG held 100 shares and therefore received a dividend of 10 shares. In the financial report dated March 4, 1998, Carlson falsely reported that MIG had received 20 shares as a share dividend.

12. On April 8, 1998 MIG authorized the purchase of 60 shares of Bank of Commerce ("BCOM"). Carlson failed to purchase the BCOM shares. In the May 5, 1998 treasurer's report he falsely showed that MIG had purchased 60 shares of BCOM at a cost of \$1,139.75.

13. On or about July 28, 1998 Carlson gave the members of MIG his resignation letter in which he admitted misappropriating funds, failing to purchase stocks as instructed and falsifying records to cover up those actions. In his resignation letter Carlson stated that MIG's account was worth \$2,647.74, as of July 28, 1998. He stated that MIG's account would have been worth \$15,411.43 if he had not misappropriated MIG funds and had executed MIG stock purchases as he had been instructed to do.

14. On or about August 21, 1998, Carlson's relatives gave MIG \$12,763.58 as compensation for the funds taken by Carlson.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

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15. The transactions described in paragraphs 8 through 12 above constitute the offer, sale and/or purchase of a security as defined in RCW 21.20.005(10) and (12) to wit: stock.

16. Carlson's actions described in paragraphs 3 through 12 above violate RCW 21.20.010 because they were done in connection with securities transactions and operated as a fraud or deceit upon MIG and its members.

Based upon the above Findings of Fact and Conclusions of Law it is hereby ORDERED that Carlson Cease and Desist from violations of the Securities Act of Washington.

This Order is entered pursuant to RCW 21.20.390 and is subject to the provisions of ch.34.05 RCW.

DATED this 11 day of May 1999.

DEBORAH R. BORTNER
Securities Administrator

Presented by:

Kristina L. Kneip
Securities Examiner

Approved by:

Michael E. Stevenson
Chief of Compliance

ENTRY OF FINDINGS OF FACT AND 4
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